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Letter dated 28 October 2003 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia addressed to the President of the Security Council

Addendum

In regard to paragraphs 9, 10, 76, 77, 187, 188 and 189 of the report of the Panel of Experts appointed pursuant to paragraph 25 of Security Council resolution 1478 (2003) concerning Liberia (see S/2003/937, annex), the Panel of Experts would like to re-emphasize its previous statements and observations that responsibility for all uncovered financial misappropriations in the maritime and corporate registries sector of Liberia rests with officials in the Government of former President Charles Taylor. The Panel has never found any indication that would suggest culpability of the Liberian International Shipping and Corporate Registry (LISCR), the privately owned United States-based operating agent of Liberia's Bureau of Maritime Affairs.

LISCR management provided the Panel with comprehensive financial records, including detailed month-by-month accounts of remittances to the Government of Liberia, as well as audits of all LISCR accounts and a list of the names of all beneficial owners of LISCR shares.

The Panel is satisfied that LISCR management has managed Liberia's registries responsibly, and, in the past, when officials of the Bureau of Maritime Affairs demanded remittances of LISCR income to third parties, management actively attempted to suppress such diversions of Government revenue. All remaining doubts about the financial misappropriations need to be addressed through a comprehensive financial audit of all accounts involved in the maritime and corporate registries sector, with particular emphasis on accounts outside of the control of LISCR, including but not limited to accounts held and controlled by the Bureau of Maritime Affairs, Liberia's Central Bank, the Ministry of Finance and any other accounts directly or indirectly controlled by Charles Taylor.

Criticisms of the operating standards of LISCR noted in the report are based on evidence provided to the Panel by the International Transport Workers Federation, and according to the latest information 1,900 ships have registered with LISCR.

While many of the very real financial problems that have been observed over the past years were caused by officials of the Bureau of Maritime Affairs, often on

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behalf of former President Taylor, the blame for the perception problems from which the operating agent LISCR continues to suffer is not entirely undeserved.

Given that LISCR has been entrusted with one of Liberia's most valuable resources, the Panel would have preferred:

(a) The 1999 statutory agreement between LISCR and the Republic of Liberia to be amended in order to eliminate any possible legality of third-party remittances from LISCR-controlled accounts;

(b) LISCR to disclose the identity of all of its beneficial shareholders to the public in order to avoid the possible perception of a conflict of interests. The current registration in the State of Delaware that grants shareholders extensive secrecy and protection from legal claims may be an inadvertent but unseemly arrangement in the light of the importance the registries have for Liberia's economy;

(c) Comprehensive, annual audits of all accounts involved in the administration of the maritime and corporate registries, including the ones not controlled by LISCR to have been one of the requirements in the statutory agreement and to have been conducted in the past.